

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 3878

DEPT TREASURY WASHDC IMMEDIATE

USIA WASHDC IMMEDIATE

INFO AMEMBASSY TEL AVIV

AMEMBASSY ABU DHABI

AMEMBASSY DAMASCUS

AMEMBASSY CAIRO

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E.O. 11652:

TAGS: OVIP, SA, US (SIMON, WM. E.)

SUBJ: SIMON PRESS CONFERENCE FEB. 29, 1976

HEREWITH TRANSCRIPT/HIGHLIGHTS PRESS CONFERENCE HELD AT INTERNATIONAL CONFERENCE CENTER, RIYADH BY SECRETARY SIMON AT CONCLUSION OF SECOND SESSION OF THE U.S. -SAUDI ARABIAN JOINT COMMISSION ON ECONOMIC COOPERATION:

REMARKS BY MINISTER OF FINANCE AND NATIONAL ECONOMY
MOHAMMAD ABA AL KHAIL

"I HAVE THE PLEASURE OF INTRODUCING MR. SIMON, U.S. SECRETARY OF TREASURY, AND THANK HIM FOR HIS VISIT TO THE KINGDOM AND HIS ATTENDANCE AT THE THIRD MEETING OF THE JOINT SAUDI ARABIAN-U.S. ECONOMIC COMMISSION.

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THE COMMISSION HAD A LONG MEETING TODAY IN WHICH SEVERAL TOPICS CONCERNED WITH ACTIVITIES AND PROGRESS OF THE COMMISSION WERE DISCUSSED. ALSO, SEVERAL OTHER SUBJECTS WITH REGARD TO COOPERATION BETWEEN THE TWO COUNTRIES UNDER THE JOINT COMMISSION AND UNDER THE TECHNICAL COOPERATION AGREEMENT BETWEEN THE TWO COUNTRIES WERE DISCUSSED.

YOU ALL MAY KNOW THAT TWO AGREEMENTS WERE SIGNED TODAY: THE FIRST AGREEMENT IS CONCERNED WITH THE ELECTRIC POWER PROJECT TO ENCOMPASS THE ENTIRE KINGDOM. THE TWO COUNTRIES WILL COOPERATE IN MAKING A LONG RANGE PLAN FOR COVERING ALL SECTORS OF THE KINGDOM WITH ELECTRIC POWER TO MEET ALL DOMESTIC AND INDUSTRIAL NEEDS.

THE SECOND AGREEMENT WAS SIGNED FOR THE ESTABLISHMENT OF A NATIONAL CENTER FOR SCIENCE AND TECHNOLOGY. THE PURPOSE OF THIS CENTER IS TO UTILIZE NEW TECHNOLOGY TO DEVELOP THE KINGDOM OF SAUDI ARABIA. IN ADDITION, THE OBJECTIVE OF ESTABLISHING THIS CENTER IS TO PREPARE THE SAUDI PERSONNEL WHO WILL APPLY THE RESEARCH METHODOLOGY. THIS PROJECT IS VERY IMPORTANT FROM THE ASPECT OF DEVELOPING THE KINGDOM'S CAPABILITIES IN UNDERTAKING THE NEW TECHNOLOGY AND PROVIDING THE NECESSARY RESOURCES FOR IMPLEMENTING THE DEVELOPMENT PROGRAMS IN THE VARIOUS FIELDS.

IT WAS DECIDED THAT THE JOINT COMMISSION WILL HOLD ANOTHER MEETING IN WASHINGTON.

AGAIN, I WOULD LIKE TO WELCOME MR. SIMON AND ASK HIM TO SPEAK TO YOU. PLEASE TAKE THIS OPPORTUNITY TO ASK ANY QUESTIONS YOU WISH.

REMARKS BY SECRETARY SIMON:

THANK YOU VERY MUCH, MR. MINISTER.
GOOD EVENING, GENTLEMEN.

I'D LIKE TO MAKE A BRIEF STATEMENT AND THEN I'LL BE DELIGHTED
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TO RESPOND TO ANY QUESTIONS YOU MAY HAVE. WE'RE IN THE PROCESS OF RUNNING OFF ON THE XEROX THE COMMUNIQUE WHICH WILL BE PASSED OUT TO YOU JUST AS SOON AS WE'RE FINISHED.

THE PURPOSE OF OUR VISIT TO RIYADH WAS TO ATTEND THE SECOND MEETING OF THE SAUDI ARABIA-UNITED STATES JOINT ECONOMIC COMMISSION AND WE'VE HAD GOOD, CONSTRUCTIVE MEETINGS FOR THE PAST DAY AND A HALF AND I'M REALLY HAPPY FROM THE PERSONAL SIDE TO RENEW OLD ACQUAINTANCE

S.

YESTERDAY I HAD THE HONOR TO BE RECEIVED BY HIS MAJESTY KING KHALID AND WE HAD A VERY WARM, FRIENDLY TALK ABOUT THE WORK OF THE COMMISSION AS WELL AS ABOUT A NUMBER OF OTHER MATTERS. HIS MAJESTY URGED BOTH THE SAUDIS AND THE U.S. SIDS OF THE COMMISSION TO REDOUBLE THEIR EFFORTS TO FIND NEW AREAS OF COOPERATION BETWEEN OUR TWO COUNTRIES.

I SHOULD ALSO MENTION THAT I HAD VERY CONSTRUCTIVE MEETINGS WITH FOREIGN MINISTER PRINCE SAUD AND MANY OTHER MEMBERS OF THE SAUDI CABINET IN AREAS OF MUTUAL INTEREST.

THE MAIN OBJECTIVE OF THE JOINT COMMISSION IS TO BROADEN AND DEEPEN SAUDI-U.S. ECONOMIC RELATIONS SO AS TO STRENGTHEN THESE RELATIONS AND TO PROMOTE PEACE. THE COMMISSION MEETING HAS MOVED FORWARD TO THAT OBJECTIVE. WHAT WE ARE ATTEMPTING TO DO IS TO CREATE A CLIMATE OF ECONOMIC PROSPERITY FOR--FOR IN A CLIMATE OF ECONOMIC PROSPERITY, WE CAN HAVE THE JUST AND LASTING PEACE THAT WE ALL DESIRE.

WE'VE BEEN FORTUNATE INDEED FROM A PROFESSIONAL AS WELL AS A PERSONAL POINT OF VIEW TO HAVE MY FRIEND MOHAMMAD ABA AL-KHAIL AS CO-CHAIRMAN OF THIS COMMISSION AND FOR THAT I AM DEEPLY GRATEFUL.

WE'VE HAD MANY SUBSTANTIVE ACCOMPLISHMENTS, MEASURED BY THE PROJECT AGREEMENTS WE'VE SIGNED OR ARE ABOUT TO SIGN WHICH YOU WILL NOTE WHEN THE COMMUNIQUE IS PASSED OUT; TECHNICAL COOPERATION IN STATISTICS AND DATA PROCESSING, AGRICULTURE AND WATER, PROCUREMENT OF ELECTRICAL POWER EQUIPMENT AND TODAY, WHAT I CONSIDER TO BE THE MOST SIGNIFICANT OF ALL, WE SIGNED AN AGREEMENT UNDER WHICH THE U.S. GOVERNMENT WILL PROVIDE A TEAM OF TWENTY-FIVE EXPERTS PERMANENTLY ASSIGNED TO SAUDI ARABIA WITH ANOTHER SIXTY TO SEVENTY

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TECHNICIANS WHO WILL SERVE TEMPORARY DUTY TOURS TO PREPARE A COMPREHENSIVE TWENTY-FIVE YEAR NATIONAL ELECTRIFICATION PLAN. THIS WILL PROVIDE ELECTRICITY FOR ALL OF THE CITIZENS OF THE KINGDOM.

DURING TODAY'S MEETING WE ALSO SIGNED AN AGREEMENT IN WHICH THE NATIONAL SCIENCE FOUNDATION WILL ASSIST THE SAUDI ARABIAN GOVERNMENT IN CONDUCTING A BROAD RANGE OF SCIENTIFIC ACTIVITIES LEADING TO THE DEVELOPMENT OF A SAUDI ARABIAN NATIONAL CENTER FOR SCIENCE AND TECHNOLOGY AS WELL AS FINALIZING A VOCATIONAL TRAINING PROJECT AGREEMENT.

I WOULD ALSO LIKE TO NOTE THAT WE HAVE ESTABLISHED THE U.S. REPRESENTATION OFFICE IN RIYADH TO WORK DIRECTLY ON A DAILY BASIS WITH SAUDI GOVERNMENT AGENCIES ON MANY OF THESE COOPERATIVE PROGRAMS. TODAY WE ALSO AGREED THAT DESALINATION EXPERTS FOR U.S. D.I. WOULD INITIATE DISCUSSIONS WITH THE SALINE WATER CONVERSION

COURPS OF THE U.S. TECHNICAL COOPERATION PROPOSAL RECENTLY FORWARDED TO THE COUNTRY AND THERE ARE VARIOUS OTHER SHORT-TERM PROJECTS OF ONE KIND OR ANOTHER WHICH I WILL NOT ATTEMPT TO DESCRIBE AT THIS TIME.

I WOULD LIKE TO EMPHASIZE ONE THING THAT IS EXTREMELY IMPORTANT, AND THAT IS OUR STRONG CONVICTION THAT THE U.S. PRIVATE SECTOR IS THE KEY ELEMENT IN OUR PARTICIPATION IN SAUDI ECONOMIC DEVELOPMENT. IT IS THE PRIVATE SECTOR THAT HAS THE VAST BULK OF BRAIN POWER AND TECHNOLOGY IN THE U.S. ECONOMY AND, AS MANY OF YOU ARE WELL AWARE, OUR PRIVATE SECTOR HAS ALREADY, FOR MANY YEARS, PARTICIPATED IN THE DEVELOPMENT OF THE HYDROCARBON SECTOR OF THE KINGDOM AND OF THAT WE ARE VERY PROUD.

WE WOULD LIKE TO SET A TARGET FOR OUR PRIVATE SECTOR OF FIFTY PERCENT OF THE GOODS AND SERVICES THAT ARE GOING TO BE IMPORTED UNDER THE FIVE YEAR PLAN. SO YOU CAN SEE THAT REMARKABLE PROGRESS HAS BEEN MADE SINCE PRINCE FAHD'S VISIT ESTABLISHED THIS COMMISSION LESS THAN TWO YEARS AGO IN THE UNITED STATES. WE'RE LAYING THE PROPER FOUNDATION FOR THE IMPLEMENTATION OF SOUND, INTELLIGENT INDUSTRIAL-

IZATION AND DIVERSIFICATION IN THE KINGDOM.

WE ALSO HAD VERY FRANK AND, AS ALWAYS, FRIENDLY DISCUSSIONS WITH OUR SAUDI PARTNERS ON A PROBLEM OF PARTICULAR CONCERN WHICH YOU WILL

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

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SEE WHEN YOU READ THE COMMUNIQUE, BUT I'D JUST LIKE TO READ A RELEVANT

PARAGRAPH, AND I QUOTE: "IN REVIEWING THE ATMOSPHERE WITHIN WHICH ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES HAVE BEEN PROGRESSING, THE SAUDI SIDE REITERATED THE SAUDI GOVERNMENT'S POSITION CONCERNING THE LEAGUE OF ARAB STATES' BOYCOTT OF ISRAEL. IT REAFFIRMED THAT THIS BOYCOTT IS A NON-VIOLENT ECONOMIC MEASURE WHICH IS A PRODUCT OF THE ABSENCE OF A JUST AND LASTING PEACE IN THE MIDDLE EAST, THAT IT IS NOT BASED ON ANY FORM OF DISCRIMINATION RELATING TO RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX OR AGE; AND THAT EVER SINCE IT WAS STARTED IN THE LATE 1940'S, THIS BOYCOTT WAS NOT --AND IS NOT TODAY INTENDED AGAINST THE UNITED STATES. THE SAUDI SIDE FURTHER EXPRESSED ITS HOPE THAT THE EXISTING AND POTENTIAL ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES WILL NOT BE DISRUPTED BY ANY MISINTERPRETATION OF THE ARAB BOYCOTT OF ISRAEL. THE AMERICAN SIDE WAS PLEASED WITH THE REAFFIRMATION OF THIS POLICY OF NOT UNCLASSIFIED

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DISCRIMINATING ON THE BASIS OF RACE, COLOR, RELIGION, SEX AND NATIONAL ORIGIN. THE AMERICAN SIDE FURTHER NOTED THAT PRESIDENT FORD'S STATEMENT OF NOVEMBER 20, 1975 WITH RESPECT TO DISCRIMINATION AND THE SUBSEQUENT EXECUTIVE ACTIONS WERE NOT DIRECTED AGAINST ANY PARTICULAR COUNTRY. BOTH SIDES AGREED TO MAKE THESE POLICIES MORE WIDELY UNDERSTOOD AND FURTHER AGREED THAT ANY ACTION BASED ON MISINTERPRETATION OF THIS POLICY COULD HINDER COOPERATION BETWEEN BOTH COUNTRIES."

I WOULD BE DELIGHTED TO ANSWER ANY QUESTIONS THAT YOU MIGHT HAVE.

Q. FIRST OF ALL, I'VE GOT ABOUT EIGHT QUESTIONS AND I'D LIKE YOU TO ANSWER THEM FULLY AND WITHOUT GENERAL STATEMENTS.

A. I'VE NEVER BEEN KNOWN TO DUCK QUESTIONS, BUT THERE'S ALWAYS A FIRST TIME.

Q. HOW DO YOU SEE THE FUTURE OF ECONOMIC COOPERATION BETWEEN THE KINGDOM AND THE U.S. IN THE LIGHT OF YOUR TALKS WITH THE SAUDI OFFICIALS IN RIYADH TODAY?

A. I'M VERY OPTIMISTIC ABOUT THE FUTURE OF OUR ECONOMIC AND TRADE AND INVESTMENT RELATIONS BETWEEN SAUDI ARABIA AND THE U.S. WE KNOW OUR FRIENDSHIP GOES BACK A LONG TIME, OVER FORTY YEARS, AND

RECOGNIZING ALSO AT THE SAME TIME THAT THE TREE NEVER GROWS STRAIGHT TO THE SKY, THAT IN WALKING DOWN THE PATH WHERE WE'RE TRYING TO STRENGTHEN FURTHER OUR FRIENDSHIP AND OUR ECONOMIC RELATIONS, BROADEN OUR TRADING RELATIONS, RECOGNIZING THE NEW ECONOMIC ERA IN SAUDI ARABIA AND, INDEED, THE MIDDLE EAST, THERE ARE GOING TO BE IMPEDIMENTS THAT ARE STREWN IN OUR PATHS; BARRIERS THAT WE'RE GOING TO HAVE TO SURMOUNT AND WE REAFFIRMED OUR DESIRE AND OUR INTENTION TODAY TO SURMOUNT THESE BARRIERS AS THEY'RE PRESENTED TO US.

Q. (QUESTION INAUDIBLE)

A. WELL, I DON'T KNOW, I ALWAYS THOUGHT THE TERMS YOU USE WHEN YOU TALK ABOUT THE SHARP CRITICISM AND SHARP DIFFERENCES OF OPINION WITH MY FORMER ASSOCIATES IN THE BANKING COMMUNITY. OUR ESTIMATES FOR 1974 WERE A 60 BILLION DOLLAR SURPLUS AND 42 BILLION FOR 1975
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AND 44 BILLION FOR 1976; THAT'S OVERALL OPEC SURPLUSES. NOW, THERE ARE SOME BANKS THAT ARE SLIGHTLY BELOW; SOME THAT ARE SLIGHTLY ABOVE. WE DO NOT SUGGEST THAT WE CAN BE PRECISE NOR CAN ANYONE ELSE BE PRECISE IN EXACT SURPLUS REVENUES BECAUSE THERE ARE SO MANY DETERMINING FACTORS SUCH AS, DO THEY HAVE THE ABILITY TO SPEND THE MONEY THAT WE HAVE FORCAST, ETC., SO WE THINK WE'RE IN THAT BALLPARK, WE KNOW WE ARE, BECAUSE EVERYBODY IS WITHIN A NARROW RANGE.

Q. WHILE WE HEAR THAT THE AMERICAN GOVERNMENT ENCOURAGES INVESTMENT IN AMERICAN COMPANIES BY MIDDLE EAST OIL PRODUCERS, WE HEAR AT THE SAME TIME CHARGES FROM CERTAIN SECTORS IN THE UNITED STATES THAT THE OIL-RICH NATIONS OF THE MIDDLE EAST ARE TRYING TO CONTROL THE NATION'S INDUSTRIES. HOW CAN YOU RESOLVE THESE CONTRADICTIONS?

A. WELL, WE'RE GOING TO HAVE DIFFERENCES OF OPINION IN THE UNITED STATES; IT IS A FREE COUNTRY, THERE IS FREEDOM OF SPEECH, AND EVERYBODY DOES HAVE GREAT OPINIONS ON SUBJECTS SUCH AS THIS. SOMETIMES IT'S HELPFUL TO LOOK BACK A YEAR WHEN THIS DEBATE WAS GOING ON. INDEED THERE WAS A FEAR DUE TO THE SURGE IN OPEC SURPLUS REVENUES THAT THERE WOULD BE AN ATTEMPT TO TAKE OVER SOME OF OUR MAJOR INDUSTRIES AND DID WE INDEED HAVE THE SAFEGUARDS TO PROTECT OUR NATIONAL SECURITY. THAT DEBATE HAS ENDED. WE FOSTER, ENCOURAGE, AND WILL ALWAYS ENCOURAGE A FREE AND OPEN WORLD TRADE AND INVESTMENT ORDER. OUR JOB SINCE I ARRIVED IN THE TREASURY AS FAR AS I COULD AS THE CHIEF FINANCIAL OFFICER OF THE UNITED STATES HAS BEEN TO REMOVE THE IMPEDIMENTS TO TRADE AND INVESTMENT THAT EXIST IN THE UNITED STATES AND SO WE HAVE OPEN ARMS FOR ALL INVESTMENT--CONSISTENT WITH INVESTMENT WHERE IT INJURES OUR NATIONAL SECURITY, WE HAVE REGULATIONS, NOT VERY MANY, BUT WE HAVE THEM; OTHER THAN THAT INVESTMENT IS ENCOURAGED. YOU KNOW, THAT'S WHAT BUILT THE UNITED STATES, FOREIGN INVESTMENT.

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